and mangement systems for reduction of T&D losses, efficient use of Energy, reduction in environmental degradation, use of cost-effective alternate Energy sources, and securing bilateral or multilateral assistance for programme development under the MOU.

Agreement with Hong Kong for Power Projects

2134. SHRI ISH DUTT YADAV: Will the Minister of POWER be pleased to state:

(a) whether it is a fact that Government have entered into an agreement with a Hong Kong based company for joint power stations in the country;

(b) if so, what are the terms and conditions of the agreement;

(c) the States in which these power stations are proposed to be set up and by when these projects are likely to be set up; and

(d) the extent to which the power situation in these States is likely to be improved as a result thereof?

THE MINISTER OF STATE IN THE MINISTRY OF POWER (SHRI P. V. RANGAYYA NAIDU): (a) to (d) M/s. Consolidated Electric Power Asia Limited (CEPA), a subsidiary of Hopewell Holding Limited, Hong Kong has shown preliminary interest in setting up two coal based thermal power projects of 8×660 MW capacity each. CEPA and Powergrid Corporation of India Ltd. have signed an initial Memorandum of Understanding in this regard. M/s. CEPA proposed to commission the projects in a period of about 4 to 5 years from the date of financial closure for projects.

Viability of Power Projects

2135. SHRI KRISHNA KUMAR BIRLA: Will the Minister of POWER be pleased to state:

(a) whether Government's attention has been drawn to a news-item in the 'Statesman' dated the 8th November, 1994, captioned "Doubts over viability of power projects";

(b) if so, whether the clearance to fasttract power projects in the country are creating serious financial crisis;

(c) if so, what are the details of views of Government in this regard; and

(d) the reaction of Government on draft discussion paper prepared by Indira Gandhi Institute of Development Research, Mumbai?

THE MINISTER OF STATE IN THE MINISTRY OF POWER (SHRI P. V. RANGAYYA NAIDU): (a) Yes, Sir.

(b) No, Sir.

(c) Does not arise.

(d) The observations attributed to the discussion paper of Indira Gandhi Institute of Development Research, Mumbai have been examined by the Ministry of Power and are found to be based on certain assumptions which are unrealistic and have resulted in highly inflated counter-guarantee exposure amounts. The discussion paper assumes that the counter-guarantee would be provided to projects totalling 20,000 MW for an amount of about US $ 10 billion per year, which is assumed to be 3% of the GDP of the country. As against the assumed figure of 20,000 MW, the Government has agreed in principle to extend the counter-guarantees to eight projects for a capacity of only 4,808 MW. The counter-guarantee extended to Enron is a limited guarantee in terms of both its scope and term and places an annual guarantee limit at Rs. 1,500 crores with provisions for escalation. The payment obligations in respect of the other 7 projects for which counter guarantee has been agreed would be of the order of Rs. 7,403 crores. The Central Government's exposure is thus expected to be only about Rs. 8,903 crores (US $ 2.8 billion) for all these projects which would only be about 0.8% of the GDP if this is to be compared with the 3% of GDP figure of the discussion paper. The other assumption is that the State Electricity Boards and the States would invariably default all the time on their payment obligations to the private power companies, which is wholly against the experience of Central PSUs which have been selling massive quantum of power to the State Electricity Boards. It needs to be emphasised that the counter-guarantees in actuality do not expose the Central Government to this high degree of financial liability as there are adequate safeguards built in the scheme particularly the right of the Central Government to debit the Account of the States with the RBI into which the devolution due to the States from the Centre are credited. The possibility of the counter-guarantees actually being trigerred are extremely remote. The counter-guarantees are conceived as only a confidence building measure and there is no reason that these would lead to a financial crisis for the Central Government.

Regulation of Power Supply to Delhi by NTPC

2136. DR. NAUNIHAL SINGH: Will the Minister of POWER be pleased to state:

(a) whether it is a fact that National Thermal Power Corporation (NTPC) has decided to regulate power supply to Delhi, following non-payment of energy bills with Delhi Electricity Supply Undertaking (DESU); if so, what are the details thereof; and

(b) whether it is a fact that National Thermal Power Corporation intends to regulate supply according to the Letter of Credit (LC) limit; if so, what is the prescribed limit and whether it is being honoured by DESU?

THE MINISTER OF STATE IN THE MINISTRY OF POWER (SHRI P. V. RANGAYYA NAIDU): (a) and (b) NTPC's outstanding dues against supplies of power to Delhi Electric Supply Undertaking (DESU) are Rs. 280.50 crores (equivalent of 5.9 months billing) as on end-November, 1994 excluding surcharge of Rs. 74.63 crores for late payments. Further, against the requirement of opening a Letter of Credit (LC) for Rs. 53 crores to cover NTPC's average monthly supply, based on the billing in the last quarter, DESU has established LC for Rs. 36 crores. According to a decision taken by the Government recently, DESU is required to enhance the LC to 105% of average monthly billing, which DESU has not complied with, so far. In view of these considerations, notices were issued to DESU in July, 1994 and again in August, 1994 for regulation of power supply, but power supply was not regulated by NTPC at that time in view of an assurance given by DESU in September, 1994 for enhancing the LC for making efforts to make balance payments towards current dues and for working out an action plan for liquidation of arrears.

Again, keeping in view DESUs commitment to pay Rs. 40 crores during December, 1994 and to enhance the LC to Rs. 40 crores w.e.f. 1st January, 1995, NTPC has continued supply of power to DESU.

Repayment on Foreign Owned Power Projects

2137. SHRI GOVINDRAO ADIK: Will the Minister of POWER be pleased to state:

(a) whether Government have undertaken a review with regard to country's foreign owned payment-guaranteed power projects likely to come up in the States of Andhra Pradesh, Karnataka, Gujarat, Tamil Nadu, Maharashtra and Orissa in regard to payment obligations for the power purchased by them;

(b) whether it is a fact that there has been a record of disposing of 50 per cent or more of their present power generation with huge losses in transmission and distribution in agriculture-irrigation sector and in domestic consumption;

(c) whether it is also a fact that all those six States will be going in for costlier power by foreign projects and will have to spend heavily on equipment like capacitors, power transformers and transmission lines; and

(d) if so, what steps Government propose to take or advice the States concerned for plugging the loopholes in order to run private power projects on commercial lines so that payment obligations for power purchased by the States is met without incurring any losses?

THE MINISTER OF STATE IN THE MINISTRY OF POWER (SHRI P. V. RANGAYYA NAIDU): (a) Yes, Sir. The progress of all the private power proposals is reviewed by the Ministry of Power from time to time.

(b) No, Sir.

(c) and (d) The cost-estimates of all the power projects (exceeding Rs. 100 crores) coming up in both the private and public sector have to be examined and approved by the Central Electricity Authority (CEA). It is observed that the cost of new private power projects cleared by the CEA recently is comparable with the similar projects coming up in the similar period in the public sector.

Import of Coal by Tamil Nadu State Electricity Board

2138. SHRI V. GOPALSAMY: Will the Minister of POWER be pleased to state:

(a) whether it is a fact that the Tamil Nadu Government has decided to import coal for Tamil Nadu Electricity Board from Australia worth Rs. 200 crores;

(b) if so, what are the terms and conditions in this deal;

(c) what will be the quantum of foreign exchange involved;

(d) the total period for which the coal will be imported;

(e) whether Government have received any Memorandum/Communication in this regard; and

(f) if so, the details thereof and action taken thereon?

THE MINISTER OF STATE IN THE MINISTRY OF POWER (SHRI P. V. RANGAYYA NAIDU): (a) to (f) Tamil Nadu Electricity Board have intimated that they have decided to import coal in order to make up for the anticipated shortfall in coal supplies and to maintain coal stock equivalent to 21 days' consumption. A quantity of 15 lakh tonnes of coal is proposed to be imported during the period January to June, 1995. Import of coal is on Open General Licence and it is within the competence of Tamil Nadu Electricity Board/Government of Tamil Nadu. No information has been received from them on the contractual details of the import.